

## 2005 DRAFTING REQUEST

### Bill

Received: **07/07/2005**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing: **scott**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

---

### Pre Topic:

No specific pre topic given

---

### Topic:

Tax credit for sales and use tax paid on electricity used in research and development

---

### Instructions:

See Attached

---

### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 07/07/2005	lkunkel 08/03/2005		_____			State
/1			rschluet 08/03/2005	_____	sbasford 08/03/2005	lnorthro 08/03/2005	

FE Sent For:

<END>

**2005 DRAFTING REQUEST**

**Bill**

Received: **07/07/2005**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing: **scott**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Tax credit for sales and use tax paid on electricity used in research and development

---

**Instructions:**

See Attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 07/07/2005	lkunkel 08/03/2005		_____			State
/1			rschluet 08/03/2005	_____	sbasford 08/03/2005		

FE Sent For:

**<END>**

**2005 DRAFTING REQUEST**

**Bill**

Received: **07/07/2005**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing: **scott**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Tax credit for sales and use tax paid on electricity used in research and development ✓

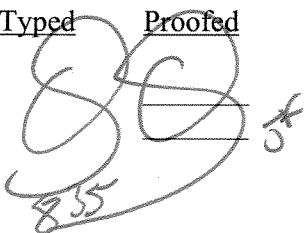
---

**Instructions:**

See Attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye	7/29 lmk /1					

FE Sent For:

<END>

## STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

7-7-05

Scott - Rep Ulbeck

redraft AB 551 as a new bill but  
as a tax credit rather than  
an exemption.

# 2005 ASSEMBLY BILL 554

July 7, 2005 – Introduced by Representatives WIECKERT, KLEEFISCH, MUSSER, TOWNSEND, GUNDERSON, HINES and OTT, cosponsored by Senator ROESSLER. Referred to Joint Committee on Finance. Referred to Joint Survey Committee on Tax Exemptions.

1 AN ACT *to create* 77.54 (30) (a) 7. of the statutes; **relating to:** a sales and use  
2 tax exemption for electricity used in research or development.

*Analysis by the Legislative Reference Bureau*

This bill creates a sales and use tax exemption for electricity consumed in product research or product development.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

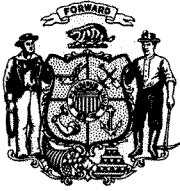
3        **SECTION 1.** 77.54 (30) (a) 7. of the statutes is created to read:

77.54 **(30)** (a) 7. Electricity consumed in product research or product  
development.

6                    **SECTION 2. Effective date.**

7 (1) This act takes effect on July 1, 2007.

8 (END)



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-3312/7

JK:...

ink  
p/hist R

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 7-7-05

SOON

GenCat

- 1 AN ACT ...; relating to: an income and franchise tax credit for sales and use taxes  
2 paid on the purchase of electricity used in research and development. ✓

*Analysis by the Legislative Reference Bureau*

This bill creates an income and franchise tax credit for the amount of the sales and use tax that a taxpayer pays in the taxable year on the purchase of electricity used in research and development. ✓ If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the amount of any unused credit in subsequent taxable years. ✓

✓ For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

- 3 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:  
4 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
5 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), and (5e)  
6 and not passed through by a partnership, limited liability company, or tax-option

1 corporation that has added that amount to the partnership's, company's, or  
2 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326.

3 **SECTION 2.** 71.07 (5e) of the statutes is created to read:

4 **71.07 (5e) ELECTRICITY USED IN RESEARCH AND DEVELOPMENT CREDIT. (a)**

5 *Definitions.* In this subsection, "claimant" means a person who files a claim under  
6 this subsection. ✓

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
8 claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08,  
9 up to the amount of those taxes, an amount that is equal to the amount of the taxes  
10 imposed under ss. 71.52 and 71.53 that the claimant paid in the taxable year on the  
11 purchase of electricity consumed in product research or product development. ✓

12 (c) *Limitations.* Partnerships, limited liability companies, and tax-option  
13 corporations may not claim the credit under this subsection, but the eligibility for,  
14 and the amount of, the credit are based on their payment of amounts described under  
15 par. (b). ✓ A partnership, limited liability company, or tax-option corporation shall  
16 compute the amount of credit that each of its partners, members, or shareholders may  
17 claim and shall provide that information to each of them. Partners, members of  
18 limited liability companies, and shareholders of tax-option corporations may claim  
19 the credit in proportion to their ownership interests.

20 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
21 s. 71.28 (4), applies to the credit under this subsection. ✓

22 **SECTION 3.** 71.10 (4) (cq) of the statutes is created to read:

23 **71.10 (4) (cq)** Electricity used in research and development credit under s.  
24 71.07 (5e).

✓  
1           **SECTION 4.** 71.21 (4) of the statutes is amended to read:

2           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
3           (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ~~and (5b), and (5e)~~ and passed  
4           through to partners shall be added to the partnership's income.

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; ~~1997 a. 27~~; 2001 a. 16; 2003 a. 99, 135, 255, 326.

5           **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

6           71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
7           the gross income as computed under the Internal Revenue Code as modified under  
8           sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
9           computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)  
10          7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income  
11          under this paragraph at the time that the taxpayer first claimed the credit plus the  
12          amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),  
13          (1ds), (1dx), (3g), (3n), (3t), ~~and (5b), and (5e)~~ and not passed through by a  
14          partnership, limited liability company, or tax-option corporation that has added that  
15          amount to the partnership's, limited liability company's, or tax-option corporation's  
16          income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or  
17          other disposition of assets the gain from which would be wholly exempt income, as  
18          defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and  
19          minus deductions, as computed under the Internal Revenue Code as modified under  
20          sub. (3), plus or minus, as appropriate, an amount equal to the difference between  
21          the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or  
22          otherwise disposed of in a taxable transaction during the taxable year, except as  
23          provided in par. (b) and s. 71.45 (2) and (5).

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;  
1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326.

24          **SECTION 6.** 71.28 (5e) of the statutes is created to read:



1           71.28 (5e) ELECTRICITY USED IN RESEARCH AND DEVELOPMENT CREDIT. (a)  
2   *Definitions.* In this subsection, "claimant" means a person who files a claim under  
3   this subsection. ✓

4           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
5   claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
6   amount of those taxes, an amount that is equal to the amount of the taxes imposed  
7   under ss. 71.52 and 71.53 that the claimant paid in the taxable year on the purchase  
8   of electricity consumed in product research or product development. ✓

9           (c) *Limitations.* Partnerships, limited liability companies, and tax-option  
10   corporations may not claim the credit under this subsection, but the eligibility for,  
11   and the amount of, the credit are based on their payment of amounts described under  
12   par. (b). A partnership, limited liability company, or tax-option corporation shall  
13   compute the amount of credit that each of its partners, members, or shareholders may  
14   claim and shall provide that information to each of them. Partners, members of  
15   limited liability companies, and shareholders of tax-option corporations may claim  
16   the credit in proportion to their ownership interests.

17           (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under  
18   sub. (4), applies to the credit under this subsection. ✓

19           SECTION 7. 71.30 (3) (dq) of the statutes is created to read:

20           71.30 (3) (dq) Electricity used in research and development credit under s.  
21   71.28 (5e). ✓

22           SECTION 8. 71.34 (1) (g) of the statutes is amended to read:

1           71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
2       corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),  
3       (3n), (3t), ~~and~~ (5b), and (5e) and passed through to shareholders.

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1997 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326.

4           **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

5           71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
6       computed under s. 71.47 (1dd) to (1dx), (3n), ~~and~~ (5b), and (5e) and not passed  
7       through by a partnership, limited liability company, or tax-option corporation that  
8       has added that amount to the partnership's, limited liability company's, or  
9       tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of  
10      credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326.

11          **SECTION 10.** 71.47 (5e) of the statutes is created to read:

12          71.47 (5e) ELECTRICITY USED IN RESEARCH AND DEVELOPMENT CREDIT. (a)  
13      *Definitions.* In this subsection, "claimant" means a person who files a claim under  
14      this subsection. ✓

15          (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
16      claimant may claim as a credit against the taxes imposed under s. 71.43, up to the  
17      amount of those taxes, an amount that is equal to the amount of the taxes imposed  
18      under ss. 71.52 and 71.53 that the claimant paid in the taxable year on the purchase  
19      of electricity consumed in product research or product development. ✓

20          (c) *Limitations.* Partnerships, limited liability companies, and tax-option  
21      corporations may not claim the credit under this subsection, but the eligibility for,  
22      and the amount of, the credit are based on their payment of amounts described under  
23      par. (b). A partnership, limited liability company, or tax-option corporation shall

1 compute the amount of credit that each of its partners, members or shareholders may  
2 claim and shall provide that information to each of them. Partners, members of  
3 limited liability companies and shareholders of tax-option corporations may claim  
4 the credit in proportion to their ownership interests.

5 (d) *Administration*. Section 71.28 (4) (e) to (h), as it applies to the credit under  
6 s. 71.28 (4), applies to the credit under this subsection.

7 **SECTION 11.** 71.49 (1) (dq) of the statutes is created to read:

8 71.49 (1) (dq) Electricity used in research and development credit under s.  
9 71.47 (5e).

10 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

11 77.92 (4) “Net business income,” with respect to a partnership, means taxable  
12 income as calculated under section 703 of the Internal Revenue Code; plus the items  
13 of income and gain under section 702 of the Internal Revenue Code, including taxable  
14 state and municipal bond interest and excluding nontaxable interest income or  
15 dividend income from federal government obligations; minus the items of loss and  
16 deduction under section 702 of the Internal Revenue Code, except items that are not  
17 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
18 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
19 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), and (5b), and (5e); and  
20 plus or minus, as appropriate, transitional adjustments, depreciation differences,  
21 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding  
22 income, gain, loss, and deductions from farming. “Net business income,” with respect  
23 to a natural person, estate, or trust, means profit from a trade or business for federal

1 income tax purposes and includes net income derived as an employee as defined in  
2 section 3121 (d) (3) of the Internal Revenue Code.

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326.

3 **SECTION 13. Initial applicability.**

4 (1) This act first applies to <sup>taxable years beginning on</sup> January 1, 2006. ✓

5 (END)

**Northrop, Lori**

---

**From:** Krieser, Steve  
**Sent:** Wednesday, August 03, 2005 4:19 PM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB 05-3312/1 Topic: Tax credit for sales and use tax paid on electricity used in research and development

It has been requested by <Krieser, Steve> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-3312/1 Topic: Tax credit for sales and use tax paid on electricity used in research and development